

ECONOMIC DIRECTIONS FOR THE 1990s

**Speech of H. E. President Fidel V. Ramos
Philippine Economic Society
30th Annual Meeting
December 14, 1992**

INTRODUCTION

I WAS PLEASANTLY SURPRISED TO RECEIVE YOUR INVITATION. I HAD NOT KNOWN THERE WAS ROOM FOR FELLOWSHIP AMONG CONTEMPLATIVES OF YOUR DISCIPLINE OF ECONOMICS, WHICH IS OFTEN CALLED THE "DISMAL SCIENCE."

I SHALL NOT ATTEMPT TO INSTRUCT YOU: ON THE CONTRARY, I HOPE THINGS WORK THE OTHER WAY AROUND.

ACTUALLY, THE PRESIDENT'S LIFE IS SIMPLE ENOUGH. I REALLY HAVE ONLY THREE PROBLEMS: THE POLITICAL ONES WHICH ARE "IMPREGNABLE"; THE SOCIAL ONES WHICH ARE "INCONCEIVABLE" AND THE ECONOMIC ONES WHICH ARE "UNBEARABLE".

SERIOUSLY, I FIND IT IRONIC THAT WE FILIPINOS -- WHO SO PRIDE OURSELVES IN OUR INDIVIDUAL COMPETENCE -- SHOULD FIND OURSELVES SO FAR DOWN THE ECONOMIC LADDER. OF US FILIPINOS, ANY WISE GUY COULD REASONABLY ASK: "IF YOU'RE SO SMART, WHY AREN'T YOU RICH?"

EVERYONE KNOWS THIS COUNTRY BRIMS OVER WITH ECONOMIC BRAINS: THIS HALL IS FILLED WITH THEM, AND THE OVERFLOW POPULATES THE WORLD BANK AND THE INTERNATIONAL MONETARY FUND.

IF A MATHEMATICIAN WERE TO GENERALIZE FROM OUR ECONOMIC ACHIEVEMENTS, HE MIGHT BE LED TO CONCLUDE THAT A COUNTRY'S PROGRESS IS INVERSELY PROPORTIONAL TO THE QUALITY AND QUANTITY OF ITS ECONOMISTS.

I NOTE, TOO, THAT THIS SOCIETY WAS ORGANIZED IN 1961 -- DURING OUR SECOND FOREIGN-EXCHANGE CRISIS. BUT HOW MANY OTHER SIMILAR CRISES HAVE WE HAD SINCE THEN?

EITHER YOU HAVE NOT BEEN DOING YOUR JOB AS YOU SHOULD -- OR PEOPLE IN AUTHORITY HAVE NOT BEEN LISTENING TO YOU.

PERHAPS THE REASON IS THAT ECONOMISTS THEMSELVES CONGENITALLY DISAGREE. PERHAPS GEORGE BERNARD SHAW WAS CORRECT WHEN HE OBSERVED, "IF ALL ECONOMISTS WERE LAID END TO END, THEY WOULD NOT REACH A CONCLUSION."

STEREOTYPES FROM THE COLD WAR

BUT KEYNES WAS ABSOLUTELY RIGHT. MANY STILL SLAVISHLY FOLLOW ECONOMIC THEORY THAT IS ACTUALLY LONG DEAD AND BURIED.

LOOK AT HOW IDEOLOGICAL STEREOTYPES FROM THE COLD WAR STILL DOMINATE OUR ECONOMIC DEBATE IN POLITICS AND IN THE PRESS. WE STILL HAVE PEOPLE SERIOUSLY ARGUING FOR STALINIST-STYLE "NATIONALIST INDUSTRIALIZATION"; WHILE THEIR OPPONENTS STILL SPEAK UP FOR "TRICKLE-DOWN."

WE STILL HEAR OF FOREIGN INVESTMENTS, TOGETHER WITH INSTITUTIONS LIKE THE IMF AND THE WORLD BANK, BEING BRANDED AS "NEO-COLONIAL" -- AND PROPOSALS TO OPEN THE ECONOMY TO COMPETITION DENOUNCED AS A BETRAYAL OF "FILIPINO FIRST" POLICIES.

YET THE RECENT HISTORY OF ECONOMIC THEORY AND REALITY HAS REALLY BEEN THE DOWNFALL OF ONE ORTHODOXY AFTER ANOTHER. THE ONLY THEORETICAL CERTAINTY IS THAT NO ECONOMIC DOCTRINE CAN BE ENGRAVED IN STONE -- IF ONLY BECAUSE EACH COUNTRY IS UNIQUE IN ITS CHARACTER AND HISTORICAL EXPERIENCE.

A NEW CONCEPT OF NATIONAL SECURITY

IN THE WAKE OF COMMUNISM'S COLLAPSE, COMPETITION IN THE WORLD IS SHIFTING FROM THE MILITARY AND THE POLITICAL TO BUSINESS AND TRADE. ECONOMIC STRENGTH HAS BECOME THE NEW MEASURE OF NATIONAL POWER. AND NATIONAL SECURITY MUST NOW BE FOUNDED ULTIMATELY ON A COUNTRY'S ECONOMIC STRENGTH, ITS POLITICAL UNITY AND ITS SOCIAL COHESION.

MOST EVERYWHERE IN THE WORLD, PRIVATE ENTERPRISE HAS ALSO BECOME ACKNOWLEDGED AS THE MORE EFFICIENT ENGINE OF ECONOMIC GROWTH. AND FOLLOWING THE EXAMPLE OF THE MOST SUCCESSFUL NATIONAL ECONOMIES, MANY COUNTRIES -- INCLUDING PRESIDENT-ELECT CLINTON'S UNITED STATES -- ARE BRINGING TOGETHER NATIONAL BUSINESS, THE LABOR UNIONS AND GOVERNMENT TO WORK COOPERATIVELY AGAINST FOREIGN COMPETITION -- IN THE MANNER MADE FAMOUS BY JAPAN INCORPORATED.

IN A MUCH MORE MODEST WAY, WE OURSELVES ARE GETTING GOVERNMENT, BUSINESS AND LABOR TO WORK TOGETHER -- TO BOLSTER OUR COUNTRY'S COMPETITIVE POSITION IN OUR REGION AND IN THE WORLD. THIS IS THE PRINCIPAL REASON WHY THE RAMOS GOVERNMENT HAS TURNED THE THRUST OF OUR FOREIGN RELATIONS TOWARDS ENHANCING OUR ECONOMIC RECOVERY AND SUSTAINABLE GROWTH.

IF GOVERNMENT WAS THE MONKEY ON THE BACK OF BUSINESS, NOW IT MUST CREATE THE ECONOMIC CLIMATE IN WHICH INDIVIDUAL ENTERPRISE CAN THRIVE.

ANY DISCUSSION OF GOVERNMENT'S ROLE IN DEVELOPMENT IN A POOR COUNTRY MUST BEGIN BY VENTURING AN ANSWER TO THE QUESTION OF WHICH IS MORE EFFICIENT FOR ECONOMIC DEVELOPMENT -- AUTHORITARIANISM OR DEMOCRACY? DISCIPLINE OR FREEDOM?

TO ANSWER THIS QUESTION, EVERY COUNTRY, EVERY PEOPLE MUST DRAW ON ITS OWN CULTURAL HERITAGE AND HISTORICAL EXPERIENCE.

IN OUR COUNTRY, ANY MASTER-PLAN FOR DEVELOPMENT MUST TAKE INTO ACCOUNT THE POLITICAL CHOICE FILIPINOS HAVE MADE AGAIN AND AGAIN -- MOST RECENTLY AT EDSA SIX YEARS AGO, WHEN OUR PEOPLE STOOD UP AGAINST A STRONGMAN'S TANKS, TO RECLAIM THEIR LIBERTY.

FOR ANY ECONOMIC PLANNING IN THIS COUNTRY, POLITICAL DEMOCRACY IS A "GIVEN." A CRITICAL MASS OF POPULAR OPINION HAS FORMED, WHICH MAKES ONE-MAN RULE IMPOSSIBLE.

INSTEAD OF THE DISCIPLINE OF COMMAND, THE PHILIPPINE PRESIDENT MUST INVOKE THE DISCIPLINE OF CIVIC RESPONSIBILITY.

BUT DEMOCRACY TO ME DOES NOT MEAN GOVERNMENT'S PASSIVELY FOLLOWING WHEREVER THE ELECTORAL MAJORITY INCLINES.

DEMOCRACY TO ME IS NOT JUST HORSE-TRADING -- CERTAINLY NOT THE ENDLESS SEARCH FOR THE LEAST COMMON DENOMINATOR AMONG PARTISAN INTERESTS.

DEMOCRACY TO ME MEANS GOVERNMENT'S LEADING PUBLIC OPINION TOWARDS THE DIRECTION THAT GOVERNMENT BELIEVES THE COUNTRY SHOULD TAKE. THIS A LEADER CAN DO ONLY IF THE PEOPLE THEMSELVES ARE EMPOWERED TO PARTICIPATE EFFECTIVELY IN THE CREATION OF NATIONAL WEALTH AND IN THE DECISIONS THAT AFFECT THEIR LIVELIHOOD, THEIR LIVES AND THEIR FUTURE.

THAT KIND OF DEMOCRACY IS WHAT MY GOVERNMENT ASPIRES TO ACHIEVE.

OUR POLICY REFORMS

TO LAUNCH OUR ECONOMIC REFORMS, WE HAVE BEGUN DISMANTLING THE SUPERSTRUCTURE OF REGULATION AND CONTROL WHICH HAS MADE WHOM YOU KNOW -- AND NOT WHAT YOU KNOW -- THE SECRET OF BUSINESS SUCCESS IN THIS COUNTRY.

WE ARE PUTTING A STOP, ONCE AND FOR ALL, TO POLITICAL ENTREPRENEURSHIP -- WHICH MERELY TRANSFERS WEALTH TO NEWLY ELECTED OVERLORDS AND THEIR CRONIES, INSTEAD OF CREATING IT. AND WE ARE CUTTING OFF MONOPOLIES AND CARTELS -- IN MANUFACTURING, IN THE FINANCIAL SYSTEM, IN THE SERVICE INDUSTRIES, AND WHEREVER ELSE THEY MAY BE FOUND. LET ME KNOW WHO AND WHERE THE EXISTING ONES ARE.

WE ARE ALSO SELLING OFF THE LAST BIG TICKET ITEMS LEFT OVER FROM THE ERA OF CRONY CAPITALISM BY FAST-TRACKING PRIVATIZATION AND FINALLY MAKING DECISIONS ON LONG-SIMMERING CONTROVERSIAL ISSUES.

OUR TARIFF STRUCTURE WE ARE MOVING RAPIDLY TO THE MINIMUM LEVELS PRESCRIBED BY THE ASEAN FREE TRADE AREA -- TO WHICH WE ARE UNEQUIVOCALLY COMMITTED.

THE COMPLEMENTATION OF AGRICULTURE AND INDUSTRY

AGRICULTURE AND INDUSTRY I REGARD NOT AS MUTUALLY EXCLUSIVE BUT AS COMPLEMENTARY. THERE CAN BE NO DE-EMPHASIZING AGRICULTURE -- IF ONLY BECAUSE SO MANY OF OUR PEOPLE CONTINUE TO DERIVE THEIR MEAGER LIVELIHOODS FROM IT.

AS IN JAPAN, TAIWAN, SOUTH KOREA AND CHINA; PHILIPPINE AGRICULTURE MUST BECOME THE FOUNDATION OF PHILIPPINE INDUSTRIALIZATION. PUBLIC POLICY MUST ENCOURAGE AGRICULTURE TO MODERNIZE AND DIVERSIFY -- TO BE ABLE TO ABSORB MORE WORKHANDS, RAISE NUTRITION LEVELS, REDUCE INCOME DISPARITIES, FOCUS ON INTENSIVELY-CULTIVATED HIGH-VALUE CROPS, AND RAISE DEMAND FOR THE PRODUCTS OF INDUSTRY.

AND, IN THIS EFFORT, LAND REFORM SERIOUSLY CONCEIVED AND SERIOUSLY CARRIED OUT MUST CONTINUE TO HAVE THE HIGHEST PRIORITY.

OPENING THE ECONOMY WILL OBVIOUSLY BE DIFFICULT IN THE SHORT TERM. BUT IN THIS WORLD THERE IS NO GAIN WITHOUT PAIN.

WHAT IS MORE, WE REALLY HAVE NO CHOICE. UNLESS WE CHANGE ITS BASIC STRUCTURE, OUR ECONOMY WILL NEVER ACHIEVE SELF-SUSTAINING GROWTH.

TO ACHIEVE THIS GROWTH, WE ARE MORE THAN WILLING TO UNLEASH THE ENERGY OF THE PROFIT-MOTIVE AND SELF-INTEREST. BUT WE WILL ALSO INSIST THAT PHILIPPINE CAPITALISM KEEP A REGARD FOR THE SOCIAL WHOLE. THOUGH WEALTH SHOULD BE PRIVATELY OWNED, ITS OWNERS SHOULD MAKE PUBLIC USE OF IT.

WE CONTINUE TO RECOGNIZE THE NECESSITY FOR AND LEGITIMACY OF UNIONS AND OTHER WORKER ASSOCIATIONS -- AND WE SHALL SUPPORT THEM IN THEIR EFFORTS TO PROTECT THEIR RIGHTS AND TO CUSHION THEIR MEMBERSHIP AGAINST THE HARDSHIPS OF ECONOMIC LIFE.

POSITIVE DISCRIMINATION FOR THE POOR

WE FILIPINOS HAVE ALWAYS ACCEPTED THAT PEOPLE WITH MORE ARE OBLIGED TO HELP PEOPLE WITH LESS -- IN THE NAME OF COMPASSION AND IN RECOGNITION OF OUR CIVIC RESPONSIBILITY.

THIS TRADITIONAL MORAL CODE WE HAVE MADE A PRINCIPLE OF PUBLIC POLICY. THERE ARE MANY REASONS THAT COMPEL US TO DO THIS -- SELF-INTEREST INCLUDED -- BECAUSE THE FEW WHO HAVE CAN NEVER BE SECURE IN THEIR POSSESSIONS FOR AS LONG AS THEY LIVE IN THE MIDST OF SO MANY WHO HAVE NOT.

UNTIL NOW WE HAVE RELIED ON "TRICKLE-DOWN" MECHANISMS -- FROM LARGE GOVERNMENT PROJECTS AND NATIONAL BUSINESSES -- TO EASE MASS POVERTY. BUT DEVELOPMENT HAS NOT TRICKLED DOWN BECAUSE THERE ARE FEW CHANNELS THROUGH WHICH GROWTH CAN FLOW DOWNWARD.

THE ONLY WAY TO WIPE OUT PHILIPPINE POVERTY IS TO ATTACK IT DIRECTLY. ALL THE AGENCIES OF GOVERNMENT MUST TAKE ON A PRO-POOR BIAS. ECONOMIC POLICY IN THE LARGE MUST BECOME SENSITIVE TO THE WELL-BEING OF THE MAJORITY AMONG US WHO ARE WITHOUT THE MEANS TO LEAD DECENT AND USEFUL LIVES.

TO A GREAT DEGREE, THE POOREST PHILIPPINE REGIONS ARE POOR BECAUSE THEY HAVE HAD LESS ACCESS THAN THE RICHER REGIONS TO BASIC GOVERNMENT SERVICES.

THIS HISTORICAL NEGLECT WE ARE REDRESSING WITH "POSITIVE DISCRIMINATION." WE SHALL BE ALLOCATING THE POOREST PROVINCES, CITIES AND TOWNS WITH MORE THAN THEIR USUAL SHARE OF ELEMENTARY SCHOOLS, HOSPITALS AND HEALTH CLINICS, FARM-TO-MARKET ROADS, IRRIGATION SYSTEMS AND OTHER BASIC INFRASTRUCTURE. THE INITIAL PROGRAMS ADDRESSED BY OUR PRESIDENTIAL COMMISSION FOR COUNTRYSIDE DEVELOPMENT IDENTIFY THE 18 POOREST PROVINCES WHICH MUST RECEIVE EXTRA ATTENTION.

GOVERNMENT SHALL ALSO BE SETTING ITSELF NOT MERELY THEORETICAL BUT MEASURABLE STANDARDS FOR GAUGING ITS SUCCESS IN EASING POVERTY YEAR AFTER YEAR.

INDONESIA -- OVER THE 20 YEARS FROM 1970 TO 1990 -- WAS ABLE TO REDUCE ITS POVERTY LEVEL FROM 60% TO LESS THAN 20%. AGAINST THAT ACHIEVEMENT BY OUR CLOSEST NEIGHBOR, WE SHALL DARE TO MEASURE OUR OWN EFFORT.

PEOPLE EMPOWERMENT

THROUGH WHAT WE CALL PEOPLE EMPOWERMENT, WE HAVE BEGUN TO AWAKEN LOCAL COMMUNITIES AND ORDINARY FILIPINOS TO THE FULL POSSIBILITIES OF MODERN LIFE. PART OF THIS WORK MUST BE TO CARRY OUT A REALISTIC AND CONSISTENT POPULATION MANAGEMENT POLICY. SERIOUS IMBALANCES IN OUR ECONOMY AND OUR ENVIRONMENT HAVE BEEN AGGRAVATED SUBSTANTIALLY BY OUR COUNTRY'S RAPID POPULATION GROWTH.

ANOTHER URGENT TASK MUST BE TO COMPEL COMFORTABLE FILIPINOS TO FULFILL THEIR CIVIC RESPONSIBILITIES.

I HAVE ALSO THOUGHT IT IRONIC THAT FILIPINOS OF MEANS -- WHO ARE THE QUICKEST TO COMPLAIN ABOUT THE QUALITY OF OUR SOCIAL SERVICES -- SHOULD ALSO BE THE MOST ADEPT AT SHORTCHANGING GOVERNMENT ON THEIR TAXES.

CIVIC RESPONSIBILITY HAS ALWAYS BEEN THE PRICE OF FREEDOM.

I RECALL KEYNES ALSO SAYING THAT, IN THE LONG RUN, WE ARE ALL DEAD. BUT, IN TRUTH, PART OF US LIVES ON LONG AFTER WE ARE GONE -- BECAUSE HUMAN SOCIETY IS A PARTNERSHIP OF THE CONNECTED GENERATIONS OF CHANGING PERSONS THAT INCLUDE NOT ONLY THOSE WHO ARE LIVING BUT THOSE WHO ARE DEAD AND THOSE YET TO BE BORN.

AND WE CANNOT CONTINUE -- AS WE FILIPINOS HAVE DONE IN THE PAST -- TO PASS THE BUCK FOR OUR COUNTRY'S MASS POVERTY, ITS SOCIAL INEQUALITY, ITS ENVIRONMENTAL DEGRADATION, TO SOME FUTURE GENERATION.

THERE IS NO ONE HERE BUT US: AND WE ARE RESPONSIBLE FOR ONE ANOTHER.

CLOSING MESSAGE

WHAT CAN YOU DO AS SERIOUS ECONOMISTS AND CONCERNED FILIPINOS?

AS INTELLECTUALS AND CITIZENS, GIVE US INDIVIDUALLY AND COLLECTIVELY THE BENEFIT OF YOUR INTELLECT AND YOUR EXPERIENCE. TAKE PART IN THE DEBATE ON ECONOMIC POLICY. PARTICIPANTS IN CONGRESSIONAL HEARINGS. HELP KEEP OFFICIALS HONEST: KEEP US ON OUR TOES.

WRITE, SPEAK OUT. GO PUBLIC WITH YOUR OWN OPINION. YOU WILL FIND THIS PRESIDENT WILLING TO LISTEN. YOU WILL FIND THIS PRESIDENT GRATEFUL FOR WISDOM, ALTRUISM AND GOOD SENSE, WHEREVER THEY MAY BE FOUND.

MARAMING SALAMAT SA INYONG PAANYAYA AT MABUHAY KAYONG LAHAT!

SA LAHAT NG PHILIPPINE ECONOMISTS, AT SA BUONG SAMBAYANANG PILIPINO, ISANG MALIGAYANG PASKO AT MASAGANA AT MAUNLAD NA BAGONG TAON!!

121492-0915-ROE